

Design and Implementation of a Pension System

1. What Pension Reform reports have you read or are you familiar with?

- 1.
- 2.

2. The new pension system should have

Mandatory participation
Voluntary participation

3. The new pension system should be

Defined Contribution
Defined Benefit
Notional Defined Contribution

4. Which of the following agencies is best suited to perform the role of regulator for the new pension system for the informal sector?

The Insurance Regulatory Authority
Ministry of Labor
Securities and Exchange
The Banking Regulator
A new regulatory body exclusively for the pension sector

5. Who should be the pension fund managers in the new pension system?

Mutual Funds / Asset Management Companies
Insurance Companies (Contributions may be treated as premiums towards annuities)
New Specialized Pension Fund Management Companies

6. Who should be responsible for public education on retirement savings and pensions?

Government
Pension fund managers
Record keeping agency
Annuity providers
Pension regulator
Industry associations
Consumer protection organization
Others (*please specify*)

7. Who should be responsible for marketing the new pension system?

Government
Pension Fund Managers
Record keeping Agency
Collection Agencies
Annuity Providers
Pensions Regulator
Industry Associations
Others (*please specify*)

8. What asset allocation/ styles would you suggest, if you had the option of instituting three allocations/styles

	Safe	Balanced Income	Risky
Government Paper	>50%	>30%	<10%
Bonds Corporate	>30%	>30%	<10%
Domestic Equity	<10%	<30%	>50%
International Equity	<10%	<10%	>10%

9. Should a minimum proportion of the pension funds be invested in Government Paper?

Yes

No

10. The investment pattern and pension products should be based on the principles of choice by

Pension fund managers

Contributors / individual members

Government / regulator

11. As a participant in the pension system what would be your expectation of real annual returns from the new pension system?

Less than 2%

Between 3%-5%

Between 6%-8%

Greater than 8%

12. What structure is best suited for administration and record keeping of individual retirement accounts in the new pension system?

Centralized (for lowering costs and facilitating seamless portability across locations, products and pension fund managers)

Decentralized (with each pension fund manager setting up or hiring this capacity)

13. What kind(s) of guarantees (if any) should the new pension system provide?

Minimum pension/annuity guarantee

Performance guarantee by pension fund managers

Relative performance/returns guarantee (measured against some index or benchmark i.e. FTSE, S&P, MSCI)

Price indexation guarantee

Wage indexation guarantee

Guarantees to protect misconduct and misrepresentation

No guarantee

14. Should life and/disability insurance be bundled into the pension scheme during the accumulation phase?

Yes

No

Yes – but consumers should have a transparent option to choose these riders

15. On withdrawals from retirement accounts prior to retirement, do you suggest

No withdrawals should be permitted

Limited withdrawals linked to accumulations may be allowed

Limited withdrawals linked to accumulations may be allowed but with tax penalties

16. When should pension account balances be converted to an annuity?

At retirement only

Five years prior to retirement (based on legal retirement age)

Ten years prior to retirement (based on legal retirement age)

17. When do you expect the new pension system to be formally launched?

Within 6 months of the government announcing that it will reform the pension system

Within 1 year of the government announcing that it will reform the pension system

Within 2 years of the government announcing that it will reform the pension system

3 years or more after the government announces that it will reform the pension system

Existing Pension Schemes

18. What should be the structure of the new pension system for civil servants?

- Defined benefit only
- Defined contribution only
- Both defined benefit and defined contribution, but with a greater defined benefit component
- Both defined benefit and defined contribution, but with a greater defined contribution component

19. Should the government sell assets (privatize state-owned enterprises) to fund part or most of the pension liabilities?

- Yes
- No

20. Should civil service pensions provide

- Price Indexation
- Wage Indexation
- No Indexation

21. What should be the main focus of the current pension system?

- Introduction of a private sector run investment program where the government lists approved investments and fund managers
- Improved servicing to participants and beneficiaries
- Providing adequate benefits

22. How will a reformed pension system promote economic growth and development in your country? List three ways.

- 1.
- 2.
- 3.

The Informal Sector

23. What are the 3 biggest impediments to achieving a viable pension system for the informal sector?

- (i) _____
- (ii) _____
- (iii) _____

24. How might a new pension system encourage active participation from informal sector workers?

Matching contribution from employer or the government
Minimum pension guarantee with participation requirements
Public education campaign